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Earnings in Australia: a quick guide

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The objective of this Quick Guide is to provide detailed guidance on earnings data in Australia. This Guide sets out the definition of earnings, and provides responses to frequently asked questions (FAQs) relating to earnings data in Australia. This Guide draws on a range of very useful Australian Bureau of Statistics (ABS) publications, most notably:

- [ABS, *Understanding Earnings in Australia Using ABS Statistics, June 2014*](#) (cat. no. 6310.0)
- [ABS, *Labour Statistics: Concepts, Sources and Methods, 2013*](#) (cat. no. 6102.0.55.001)

For similar information on incomes in Australia please see the Quick guide to finding data on incomes in Australia.

What are earnings?

According to the International Labour Organisation, earnings are remuneration (either in cash or in kind) paid [to] employees for time worked or paid leave. It excludes employers' contributions to social security and pension schemes.¹ This is broadly consistent with the earning definition used by the ABS in Australia, although wages and salaries in kind are excluded from its earnings measures.² 'Earnings' is typically a gross concept, that is, it is calculated prior to tax.

'Earnings' is a narrower concept than 'income', in that income includes remuneration from a range of sources, including but not limited to employers.

Whether you use incomes or earnings data depends on the research question being asked. Earnings data is useful for point in time analysis of differences in industries, occupations or genders. Incomes data on the other hand is useful when examining issues of equality and distribution, as it takes into account amounts received from all sources, including government pensions, business income, and investment income such as rent and dividends. The effects of these differences in methodology are illustrated in the following table. 2011–12 figures were used as these are the most current income figures.

	Amount	Source
Median weekly total cash earnings, May 2012, All employees	\$963	ABS, <i>Employee Earnings, Australia, May 2012</i>
Median weekly total cash earnings, May 2012, Full time non managerial employees paid at the adult rate	\$1,212	ABS, <i>Employee Earnings, Australia, May 2012</i>
Median equivalised disposable household weekly income, 2011–12, by person (all households)	\$790	ABS, <i>Household Income and Income Distribution, Australia, 2011–12</i>
Median equivalised disposable household weekly income, 2011–12, by person (in households whose main source of income is wages and salaries)	\$931	ABS, <i>Household Income and Income Distribution, Australia, 2011–12</i> (see Table 9A of detailed tables)

FAQs on earnings data

What data can be used to determine average earnings at a particular point in time?

The ABS [Average Weekly Earnings](#) (cat. no. 6302.0) publication provides data on levels of average gross (that is, pre-tax) weekly earnings for wage and salary earners.³ Its primary purpose is to inform users of the level of earnings at particular points in time, rather than to compare earnings over time. The publication includes the following key series:

- Average Weekly Ordinary Time Earnings (AWOTE) for Full Time Adult Employees;
- Average Weekly Total Earnings for Full Time Adult Employees (Ordinary Time Earnings plus Overtime Earnings); and
- Average Weekly Total Earnings for all employees.⁴

Notes on data:

- Estimates of average weekly earnings are calculated by dividing estimates of gross weekly earnings by estimates of the number of employees, provided by employers to the ABS.
- This data **does not** provide information on:
 - all those employed (as it only surveys employees). For example, it doesn't include self-employed people, proprietors of an unincorporated business, and members of the defence force;
 - total wages and salaries received by employees from all of their jobs;
 - median wages, because the survey underlying this publication doesn't collect individual, employee level data; and
 - information on families, households or couples.
- The *Average Weekly Ordinary Time Earnings (AWOTE) for Full Time Adult Employees* series is the most stable series from this publication over time, as it excludes overtime, part time and junior rates of pay.⁵
- The *Average Weekly Total Earnings for Full Time Adult Employees* contain the highest figures in this publication, as it includes overtime, and excludes earnings for part time employees and those aged under 21 who are not paid at the adult rate of pay.⁶
- A number of factors can change Average Weekly Earnings estimates, including wage rates, changes in the occupational distribution within and across industries, or an increase in part time workers.⁷
- In general, ABS emphasises the use of trend data, rather than original or seasonally adjusted. However, the Average Weekly Earnings trend data only goes back to 2012, whilst the original data goes back to 1994.
- The series does not historically include salary sacrificed amounts in measurements of earnings, although 'cash earnings' (that include salary sacrificed amounts) are included in a separate series for the years 2010–2014.
- This collection commenced in 1941, and is currently released twice a year.⁸

What earnings data is used for legislative purposes?

Data from the ABS [Average Weekly Earnings](#) (cat. no. 6302.0) publication is referenced in a range of Commonwealth legislation. For example, the *Child Support (Assessment) Act 1989* (Part 1 Section 5A), the *Higher Education Funding Act 1988* (Chapter 5A1, Section 106PC), the *Income Tax Assessment Act 1997* (subsection 960–280 (4)); and the *Excise Tariff Amendment (Tobacco Act) 2014* (Section 6AA(3)) all reference figures from the Average Weekly Earnings publication. The Aged Pension also uses Male Total Average Weekly Earnings as a wages benchmark.⁹ In this context, the [Commission of Audit's Phase One Report](#) (released in February 2014) recommended the benchmark for the Age Pension be changed from Male Total Average Weekly Earnings, to Average Weekly Earnings.¹⁰

What data can be used to analyse median earnings?

The ABS [Employee Earnings and Hours](#) (cat. no. 6306.0) publication derives estimates from a sample of individual employees, with data provided by employers.¹¹ As such, the ABS is able to construct distributional estimates

from the data, including medians of weekly gross total cash earnings for ‘all employees’ and ‘full time non managerial employees paid at the adult rate’. It is also possible to calculate median wage by a range of other variables, such as: age groups; method of setting pay; status of employee (for example, full time and part time, casual and permanent employees); occupations (at a reasonably high level); gender; industry; and sector (private/public).

Notes on data:

- The major difference between this publication and the *Average Weekly Earnings* publication is the inclusion of salary sacrificed amounts for all figures in this publication (that is, ‘weekly cash earnings’).¹²
- The definition of ‘employee’ in the two publications is broadly the same.
- The *Employee Earnings and Hours* publication commenced in 1974, and is currently only released every two years.

The ABS [Wage and Salary Earner Statistics for Small Areas](#) (cat. no. 5673.0.55.003) publication contains data on median wage and salary incomes by smaller geographic region (further explanation of this publication is provided below.)

What data can be used when analysing earnings at a specific point in time, for individual industries, occupations and sectors?

The ABS [Average Weekly Earnings](#) publication provides bi-annual data on the weekly earnings of employees across industries. See above for further information on this publication. However, the industries provided are at a very high level (for example, ‘manufacturing’, ‘mining.’)¹³ As such, the ABS [Employee Earnings and Hours](#) publication may be more helpful for those wanting more detailed comparative industry information, as it contains sub-industry data. This publication also provides detailed earnings data on occupations for all employees (which is the most detailed data), and for full time non managerial employees paid at an adult rate (which is slightly less detailed).

The ABS [Employment and Earnings, Public Sector, Australia](#) (cat. no. 6248.0.55.002) provides annual information on the number of employees, and total cash wages and salaries for public sector civilian employee jobs, by state and territory, level of government and industry.¹⁴ Wages and salary data in the private sector is provided in the ABS quarterly publication, [Business Indicators, Australia](#) (cat. no. 5676.0). Note that very small non employing businesses are not included in this publication.

What data is available on apprentice earnings?

The ABS [Employee Earnings and Hours](#) publication (cat. no. 6306.0) also contains data on rates of pay for different categories of employees (adults, juniors, apprentices/trainees, and disability rates.) Data is provided on apprentices’/trainees’ average weekly total cash earnings by occupation, industry, state/territory, sector, business size and employee age.

What data can be used to analyse wage growth within and across industries?

The ABS [Wage Price Index](#) (cat. no. 6345.0) publication contains indexes that measure changes in wage and salaries. The objective of these indexes is to provide information on price changes related to changes in actual rates of pay (for example, due to changes in awards), rather than changes in the quantity of work performed (for example, hours worked) or changes in the quality of work performed (for example, due to the job occupant obtaining higher skills). This publication contains breakdowns by industry, sector and by state/territory.

What data can be used to analyse gender differences in earnings?

A range of data can and should be used to analyse gender differences in wages and salaries. Specifically:

- The two key ABS earning publications – [Average Weekly Earnings](#) and [Employee Earnings and Hours](#) provide data on the weekly earnings of female and male employees. However, as noted previously, differences in average weekly earnings figures can relate to a number of factors in addition to rates of pay.
- Other factors to consider include hours worked by gender (which can be derived from the ABS [Labour Force](#) (cat. no. 6202.0) publication, and occupation by gender (from cat. no. 6291.0.55.003).
- The ABS [Gender Indicators](#) publication (cat. no. 4125.0) (most recently released in February 2015) contains information on time spent in paid employment and unpaid work, by gender.

What data to use to analyse total earnings (that is, from all jobs) for individuals?

The ABS has introduced a new publication titled [Characteristics of Employment](#) (cat. no. 6333.0). This will provide information on earnings from main job, second job and all jobs. The first release is expected in mid-2015. This replaces *Employee Earnings, Benefits and Trade Union Membership* (cat. no. 6310.0) and *Forms of Employment* (cat. no. 6359.0).

What data to use when analysing geographic differences in earnings?

The two primary ABS earnings publications (cat. no. 6306.0 and cat. no. 6302.0) only contain geographic data down to a state and territory level. As such, alternative data needs to be used to obtain earnings data at a lower geographical level. The ABS publication [Wage and Salary Earner Statistics for Small Areas, Time series, 2005–06 to 2010–11](#) (cat. no. 5673.0.55.003) contains average and median wage and salary incomes by local government area and Statistical Areas 2, 3 and 4. The data includes all persons receiving income from wages and salaries, and relates to their income from these wages and salaries. Notably, it also provides number of people by different wage and salary income ranges and geography.

Notes on data:

- As this data is sourced from the Australian Taxation Office (ATO) Individual Income Tax Return Database, it does not include those individuals on low incomes who were not required to lodge a tax return.
- In this context, wages and salary income is income pre-tax (that is, gross income) as shown on the individual PAYG payment summary.
- In spite of very different methodologies, the ABS advises that average annual wage and salary incomes in the *Wage and Salary Earner Statistics for Small Areas* publication align reasonably closely with figures from the *Average Weekly Earnings* publication.
- Converting data in postcodes to Local Government Areas, and Statistical Areas 2, 3 and 4, is necessarily an imperfect process.

Where is data on the minimum wage?

Data on the current national minimum wage is most easily accessed through the Fair Work Ombudsman's [website](#).

Chief Executive Officer salary and wages

The *Australian Financial Review* newspaper conducts an annual Executive Salary survey for the 'top 300' Chief Executive Officers. From this they derive average and median annual salaries.¹⁵

Other data sources

The [ATO Taxation Statistics 2011–12](#) contain a range of data from individuals' tax returns, including number of wage and salary earners who have submitted tax returns, and the total amount these individuals have recorded as wage and salary income. There is also salary and wage earner data categorised by a range of other variables including age, gender, taxable income, state/territory, taxable status and occupation. It also contains total wages and salaries (number of individuals and total amount) by postcode.

Historical data on earnings

The following sources are useful for analysing earnings over time:

- D. Hutchison, [Australian Wages Series – Sources, Methods and Uses](#), MeasuringWorth.com website, accessed 7 April 2015.
- G. Withers, T. Endres, and L. Perry, 'Australian Historical Statistics: Labour Statistics', in [Source Papers of Economic History](#), Australian National University, Research School of Economics, Centre for Economic History website, December 1985, accessed 7 April 2015.
- The median and mean time series in the ABS former publication [Employee Earnings, Benefits and Trade Union Membership](#) (cat. no. 6310.0) contains median and mean earnings for 'main job' and 'all jobs' for employees from the mid 1970's to 2013.

- J. Rob Bray, '[Reflections on the Evolution of the Minimum Wage in Australia: Options for the Future](#)', commissioned as part of the *HC Coombs Policy Forum's Visioning Australia's Future Initiative*, 2013. (Contains a minimum wage series from 1907 to 2012.)

1. International Labour Organization (ILO) Resolutions Concerning an Integrated System of Wages Statistics. Adopted by the 12th International Conference of Labour Statisticians, October 1973, para. 8. Obtained from the [OECD website](#), Glossary of Statistical Terms, accessed 7 April 2015.
2. ABS, *Labour Statistics: Concepts, Sources and Methods*, 2013, cat. no. 6102.0.55.001, Chapter 12, Employer Remuneration.
3. This is an employer based survey. Broadly speaking, ABS publications based on employer based surveys (rather than household based surveys) contain the most robust estimates of earnings, as they obtain data directly from the employer.
4. ABS, *Labour Statistics: Concepts, Sources and Methods*, 2013, cat. no. 6102.0.55.001, Chapter 29, Survey of Average Weekly Earnings.
5. ABS, *Understanding Earnings in Australia Using ABS Statistics*, June 2014, cat. no. 6310.0.
6. ABS, *Employee Earnings, Benefits and Trade Union Membership, Australia*, August 2013, cat. no. 6310.0.
7. ABS, *Average Weekly Earnings*, Explanatory Notes, November 2014, cat. no. 6302.0.
8. ABS, *Labour Statistics: Concepts, Sources and Methods*, 2013, cat. no. 6102.0.55.001, 2013, Chapter 29, Survey of Average Weekly Earnings.
9. The DSS advise that: *Base pensions are indexed twice a year, on 20 March and 20 September, to reflect changes in pensioners' costs of living and wage increases. The pension is increased to reflect growth in the Consumer Price Index and the Pensioner and Beneficiary Living Cost Index, whichever is higher. When wages grow more quickly than prices, the pension is increased to the wages benchmark. The wages benchmark sets the combined couple rate of pension at 41.76 per cent of Male Total Average Weekly Earnings. The single rate of pension is two-thirds of the couple rate.* <<https://www.dss.gov.au/our-responsibilities/seniors/benefits-payments/age-pension>>, accessed 7 April 2015.
10. National Commission of Audit, *Towards Responsible Government: The Report of the National Commission of Audit, Phase 1*, February 2014, Chapter 7.1.
11. This is different to the *Average Weekly Earnings* survey, which collects information relating to gross earnings and total number of employees from employers.
12. ABS, *Labour Statistics: Concepts, Sources and Methods*, 2013, cat. no. 6102.0.55.001, Chapter 12, Employee Remuneration.
13. In addition, employees of enterprises primarily engaged in agriculture, forestry and fishing are explicitly excluded from the scope of 6302.0 and 6306.0
14. ABS, *Labour Statistics: Concepts, Sources and Methods*, 2013, cat. no. 6102.0.55.001, Chapter 31.
15. For 2014, see J. Thomson and E. Tadros, 'Nine Chief's Pay Soars to \$19.6 million', *The Australian Financial Review*, 10 December 2014, p. 13. This is contained in ParlInfo.

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